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The University of Montana

NEWS RELEASE

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Sept. 15, 1994

UM RESEARCHER: PRICES FOR MILL-DELIVERED LOGS SHOW SLIGHT DECLINE

MISSOULA --

Prices paid for mill-delivered logs in Montana fell modestly in the first six months of 1994 but still remain well above historic levels, reports a researcher with The University of Montana's Bureau of Business and Economic Research.

For the first time in five years, delivered log prices have declined for two consecutive quarters, according to Charles Keegan, the bureau's director of forest industry research. The price decline was relatively small -- dropping only 4 percent from the record price of \$489 per thousand board feet in the fourth quarter of 1993 to \$476 in the second quarter of 1994, Keegan said.

The bureau surveys Montana's mills in cooperation with the U.S. Forest Service to obtain mill-delivered timber prices. The prices represent the amount paid to sellers who bring logs to the mill. The value of timber sold on the stump generally ranges from 30 to 60 percent of mill-delivered prices.

Despite the decline, delivered log prices are far above pre-1993 levels, Keegan said, adding that the second quarter 1994 price is 5 percent higher than the second quarter 1993 price of \$451 and 60 percent higher than the second quarter 1992 price of \$290.

"The recent decline in prices has occurred because lumber prices have fallen from record levels in December 1993, and competition for timber in Montana has been reduced somewhat by mill closures in the last nine months," Keegan said. "Prices may plateau and even decline

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somewhat in the near term, but there shouldn't be sharp declines."

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Mill Delivered Sawlog Prices

Dollars Per Thousand Board Feet, Scribner

